

# POINTE COUPEE PARISH SHERIFF



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ADVISORY SERVICES REPORT  
ISSUED SEPTEMBER 7, 2005

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STEVE J. THERIOT, CPA

**ADVISORY SERVICES DIVISION**

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STEVE J. THERIOT, CPA  
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August 8, 2005

**HONORABLE PAUL RAYMOND SMITH**  
**POINTE COUPEE PARISH SHERIFF**  
New Roads, Louisiana

As requested by Sheriff Smith, we applied our *Checklist of Best Practices in Government* in providing advisory services for the sheriff's office. In applying our checklist, we did not become aware of any violations of state laws. Attachment I provides our findings and recommendations resulting from our assessment of the procedures and practices of the sheriff's office. The response from the sheriff is presented in Appendix A.

Our findings and recommendations are intended to improve controls over financial operations, provide advice in implementing good business practices, and ensure compliance with state laws. However, the sheriff should consider the costs of implementing our recommendations compared to the benefits they will provide. This assessment is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Respectfully submitted,

Steve J. Theriot, CPA  
Legislative Auditor

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## Findings and Recommendations

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The following are the findings and recommendations resulting from our advisory services. The recommendations are presented to improve the controls that safeguard, manage, and account for assets of the sheriff and ensure compliance with applicable state laws. However, the sheriff should consider the costs of implementing these recommendations compared to the benefits they will provide. For those recommendations not implemented, the sheriff should be aware of the risks of not implementing such controls.

The sheriff's response to the findings and recommendations is included in Appendix A.

### **Elimination of Deficit Spending**

We commend the sheriff for eliminating the deficit spending for the general fund in such a brief time span (from the time a tax proposition failed in January 2005 until June 30, 2005). For the year ended June 30, 2004, the sheriff's general fund reported deficit spending of \$313,489 and a remaining fund balance of \$102,822. The sheriff's financial statements for the general fund for the fiscal year ending June 30, 2005 (unaudited) report an excess of revenues over expenditures of approximately \$489,000, an increase of \$802,489 (\$313,489 + \$489,000) from fiscal year 2004.

The excess of revenues over expenditures for fiscal year June 30, 2005, is primarily the result of the sheriff:

- Reducing the workforce by 20 employees (reduction in force of 17 employees--13 in January 2005 and four in May 2005 and a reduction of three employees through attrition--employees retired during the first quarter of 2005 and not replaced)
- Selling surplus vehicles and movable substation buildings (\$33,500)
- Selling two helicopters (\$255,000), one of which was used for parts only (helicopters donated to the sheriff's office in 1995 through a federal program)
- Receiving an increase in ad valorem taxes (\$275,000), partly due to the reassessment of taxes

**Recommendation:** We suggest that the sheriff continue to monitor the financial statements and budget monthly to ensure that operations are within the available funding and that a reasonable fund balance is being maintained.

### **Budgetary Loan**

On May 19, 2005, the sheriff received approval from the Louisiana State Bond Commission for a budgetary loan not to exceed \$2,500,000, to be repaid before June 30, 2006. Budgetary loans are common for sheriffs, school boards, and municipalities to enable these units of government to operate until they receive the majority of their revenue from ad valorem taxes in January of each

year. The sheriff's office has a line of credit from its fiscal agent bank for the approved loan amount and makes draws as needed for operations.

We reviewed the budgetary loans received by the sheriff for the past five years for Bond Commission approval and to verify that the loans were repaid before June 30 of the following year. We found that the sheriff complied with state law and received state Bond Commission approval for each of the five budgetary loans reviewed and that the sheriff repaid each of the five loans by the second week of January each year.

Recommendation: None. The sheriff has complied with state law in obtaining and repaying its annual budgetary loan.

### **Written Procedures**

Formal written office procedures ensure a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations. Also, written procedures aid in the continuity of operations and for cross-training of staff. While the sheriff has both written and verbal or understood procedures for certain business functions performed by the office, no formal written procedures are provided for the following:

1. Preparing, adopting, monitoring, and amending the budget
2. Ensuring that bank balances and investments are adequately secured
3. Processing payroll
4. Recording, tagging, and safeguarding of capital assets
5. Accounting for the business and personal use of cellular phones
6. Storing, issuing, and accounting for traffic tickets/citations and misdemeanor summons

Recommendation: While state law does not require formal written procedures for the various business functions of the sheriff's office, we recommend that they be prepared because it is a good business practice.

### **Payroll**

#### **Controls Over Payroll Transactions**

1. The payroll accountant performs a variety of duties relating to payroll disbursements that are incompatible for a proper system of checks and balances. The payroll accountant (a) adds and deletes employees in the payroll system; (b) makes all changes to the



payroll; (c) enters the hours worked for all employees; (d) prepares the payroll and prints the checks; (e) uses the signature stamp to sign the checks; (f) distributes the checks; and (g) reconciles the payroll bank account.

Recommendation: Accounting responsibilities should be segregated so that no single individual controls all facets of a financial transaction. Also, the chief civil deputy or her designee should review the payroll register for propriety each pay period.

2. Payroll changes are not verified to the sheriff's authorization by someone independent of the payroll department.

Recommendation: We recommend that a computer-generated report of all changes made to the payroll system between pay periods be verified to the sheriff's authorization by someone independent of the payroll department.

### **Purchasing and Disbursements**

#### **Controls Over Purchasing and Disbursements**

1. Three employees in the business office can set up a vendor number, which is required for paying a vendor. Our review of the vendor listing revealed that there are over 2,000 active vendor numbers. In addition, there are several vendors with the same address that have different vendor numbers.

Recommendation: We suggest vendor numbers be assigned only by the chief civil deputy or her designee. Written procedures should be developed for adding and deleting vendors to/from the current vendor listing. The vendor listing should be reviewed periodically to ensure that only active vendors are included and that vendors are not issued more than one vendor number.

2. Although Fuelman statements are reviewed for discrepancies/errors, there are no written procedures for the use and care of Fuelman credit cards and the review of Fuelman statements. In addition, no documentation supports the resolution of missing and erroneous odometer readings on the statements.

Recommendation: Written procedures for the use and care of Fuelman credit cards and for the review of Fuelman statements should be prepared as a good business practice to ensure that the number of gallons received, miles traveled, and miles per gallon for each vehicle is reasonable. In the future, the disposition of all missing and erroneous odometer readings on Fuelman statements should be documented.

## **Capital Assets**

Based on the following problems/issues with the current computerized capital assets system, we suggest that the sheriff initiate and explore options for obtaining a system that will meet the sheriff's needs.

- Assets that are capitalized and depreciated are maintained manually instead of being computerized.
- The system is unable to compute the current year depreciation and report the accumulated depreciation for assets that are capitalized and depreciated.
- Assets that are disposed of or sold are still included in the current detailed listing of assets (the cost amount is removed) instead of listing these assets on a separate report that includes the (1) purpose of such disposition; (2) date of disposal; (3) sales proceeds, if any; and (4) recipient of the property or equipment disposed of.

## **Traffic Tickets and Misdemeanor Summonses**

### **Controls Over Traffic/Misdemeanor Tickets**

The supply of traffic/misdemeanor ticket books is not adequately safeguarded and tickets issued to deputies are not reconciled with the issued citations returned by those officers. The supply of traffic/misdemeanor ticket books is maintained in an unlocked drawer. Deputies are allowed to access the unlocked drawer and obtain ticket books (25 tickets per book). A record is maintained in the unlocked drawer that is completed by the deputy that includes the date and ticket numbers taken along with the signature of the deputy.

Recommendation: The sheriff should require that (1) ticket books be stored in a locked drawer with access restricted to a designated deputy; (2) the record of ticket books issued to police officers be maintained by the designated deputy; (3) ticket books be issued to deputies only after the previously issued book has been accounted for and all issued citations have been received from the deputy.

### **Accounting for Final Disposition of Citations**

There is no accounting of the final disposition (received payment, reduced fine, dismissed, bench warrant issued, etc.) of citations issued. The sheriff enters all citations issued in a computerized system that allows for the accounting of the numerical sequence. However, the citations are given to the district attorney's office for resolution. District attorney staff enter the citations in their computerized system but do not account for the numerical sequence of the citations. Without accounting for the numerical sequence of tickets, there is no way to determine whether citations were issued or tickets were lost or voided.

Recommendation: We suggest that the sheriff account for the numerical sequence of all citations and the final disposition of those citations monthly. We also suggest that the district attorney and sheriff consider using the same computerized system to eliminate duplication and to allow for an accounting of the final disposition of citations.

### **Computer Controls**

#### **Disaster Recovery/Business Continuity Plan**

The sheriff's department completes a full system backup on its computer system daily and stores the backup tape offsite to ensure that data are not lost. In addition, the sheriff has a verbal agreement with his computer consultant that sufficient computer equipment would be provided for use by one of his departments at another location in the event of the destruction of a building by fire or some other disaster. However, there is no formal written disaster recovery/business continuity plan. Although not required by state law, good internal control requires that the sheriff develop a written disaster recovery/business continuity plan.

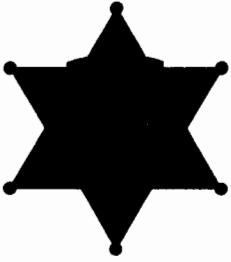
Recommendation: We suggest that the sheriff prepare a formal disaster recovery/business continuity plan to reduce the risk that untimely or excessive delays in processing data may occur and that data may be lost. In addition, the plan should be tested periodically to ensure that it works.

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## Sheriff's Response

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PAUL RAYMOND SMITH  
SHERIFF AND  
EX OFFICIO TAX COLLECTOR

August 22, 2005

Mr. Steve J. Theriot, CPA  
Office of the Legislative Auditor  
State of Louisiana  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Advisory Services Report

Dear Mr. Theriot:

Thank you for responding to my request for advisory services. Your findings and recommendations will be valuable as my office continues to strive to improve controls over financial operations and to implement better business practices while ensuring compliance with state laws. My responses to your findings and recommendations are attached.

Your time and effort in assisting my office are greatly appreciated.

Sincerely,

Paul Raymond Smith  
Sheriff

RESPONSES OF THE POINTE COUPEE PARISH SHERIFF  
TO THE ADVISORY SERVICES REPORT  
ISSUED BY THE LOUISIANA LEGISLATIVE AUDITOR  
ON AUGUST 8, 2005

ELIMINATION OF DEFICIT SPENDING

As recommended, the Sheriff will continue to monitor financial statements and budgets monthly to ensure that operations are within available funding and that a reasonable fund balance is being maintained. However, it should be pointed out that in addition to eliminating its deficit spending, Pointe Coupee Sheriff's Office (PCSO) also recovered from a \$600,000 loss in annual revenue over the past three years due to the mandated release of all INS inmates being detained at the PCSO detention center. It should also be noted that PCSO expenditures have not increased in the last three years despite continued increases in the cost of doing business in areas such as insurance, pension and fuel costs, which reflects obvious reductions in other operating costs by PCSO over the past couple of years.

WRITTEN PROCEDURES

Recognizing the importance of the continuity of its operations and the cross training of its staff, PCSO will reduce to writing its procedures relating to the noted business functions.

PAYROLL

PCSO will take steps to segregate the responsibilities of the payroll clerk. In addition, the payroll register will be verified each pay period by the Chief Civil Deputy. Although PCSO can not currently generate a report which lists all changes made to the payroll system between pay periods, PCSO plans to work with its software consultant to develop such a report which will enable the Chief Civil Deputy to verify all changes.



## PURCHASING AND DISBURSEMENTS

Recommendations regarding the assignment of vendor numbers and written procedures regarding the addition and deletion of vendors from the current listing will be considered. Although PCSO's current software program does not allow vendor numbers to be categorized as active or inactive, PCSO plans to discuss with its software consultant the possibility of making this change to the program so that inactive vendors can be accessed through an inquiry screen for research purposes only and separate listings can be generated for active and inactive vendors.

Recommendations regarding the Fuelman credit cards will be implemented.

The recommendation to explore the options for obtaining a computerized capital assets system is currently being researched by PCSO and will be implemented if the system proves to be cost-effective.

## TRAFFIC TICKETS AND MISDEMEANOR SUMMONSES

Recommendations regarding the controls over traffic/misdemeanor tickets will be implemented.

PCSO will research the feasibility of and cost associated with using the same computerized system as the district attorney to eliminate the duplication of entries, to allow for an accounting of the final dispositions of citations and to enable PCSO to account for the numerical sequence of all citations. If not cost-effective, PCSO will implement additional controls for a better accounting of all citations.

## COMPUTER CONTROLS

In addition to the procedures currently in place with PCSO's computer consultant regarding data recovery, PCSO will analyze and implement when practical and cost-effective additional procedures to ensure a timely recovery from unforeseen disasters.